



**CITY OF HAYWARD**  
**AGENDA REPORT**

AGENDA DATE 03/14/06

AGENDA ITEM 2

WORK SESSION ITEM \_\_\_\_\_

**TO:** Mayor and City Council

**FROM:** Acting Director of Finance and Internal Services

**SUBJECT:** Authorization for Contract Extension with Maze & Associates for Professional Auditing Services

**RECOMMENDATION:**

It is recommended that City Council approve the attached resolution authorizing the City Manager to execute a contract extension with Maze & Associates for professional auditing services for a one-year term.

**BACKGROUND:**

The City's contract with Maze & Associates for audit services ended with the completion of the 2004-05 financial audit. Maze & Associates have performed audit and financial services for the City for the last nine years.

During this period there have been dramatic changes in accounting industry requirements and disclosures. Government Accounting Standards Board (GASB) Statement 34 implemented in 2002-03, required cities to present their audited financial statements in a new format for increased uniformity and usefulness to the general public. For the 2004-05 year just completed, new disclosures were required regarding the City's risk related to investments as per GASB 40.

Other upcoming accounting disclosures have been identified. Effective this year will be GASB 42 Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries. During 2007-08, still another accounting statement named GASB 45 Accounting and Reporting by Employers for Post Employment Benefits Other Than Pensions will be effective.

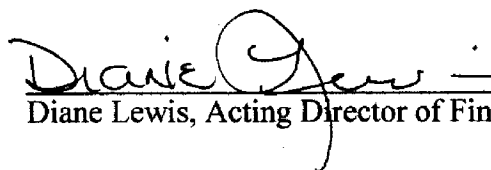
Although Maze & Associates has served as the external auditor for a number of years, staff believes that retaining the firm for one more year is appropriate for a number of reasons. In addition to the new disclosure requirements described above, the City will be in the process of recruiting a new Finance Director, and a selection is not expected to be completed prior to the start of the 2005-06 year end audit.

For reasons noted above, staff recommends the extension of the Maze & Associates contract for a one-year term. Continuity with an audit firm that has proven technical ability and


demonstrated expertise in implementing upcoming audit requirements is critical during this time frame.

The audit contract extension, Maze & Associates fee will be \$136,300 for 2005-06 fiscal year. However, because of administrative savings to Maze & Associates by not having to prepare a Request for Proposal (RFP), City staff has negotiated a fee reduction of \$10,000.

Recommended by:

  
Diane Lewis, Acting Director of Finance and Internal Services

Approved by:

  
Jesús Armas, City Manager

Attachment

**DRAFT**

**HAYWARD CITY COUNCIL**

**RESOLUTION NO. \_\_\_\_\_**

**Introduced by Council Member \_\_\_\_\_**

**RESOLUTION AUTHORIZING THE CITY MANAGER TO  
EXTEND THE AGREEMENT WITH MAZE & ASSOCIATES  
FOR PROFESSIONAL AUDITING SERVICES FOR A ONE-  
YEAR TERM**

**BE IT RESOLVED** by the City Council of the City of Hayward that the City Manager is hereby authorized and directed to extend on behalf of the City of Hayward that certain agreement by and between the City of Hayward and Maze & Associates for professional auditing services for a one-year term, a copy of which is attached hereto as Exhibit "A."

**IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2006**

**ADOPTED BY THE FOLLOWING VOTE:**

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

**ATTEST: \_\_\_\_\_**  
City Clerk of the City of Hayward

**APPROVED AS TO FORM:**

\_\_\_\_\_  
City Attorney of the City of Hayward

**ACCOUNTANCY CORPORATION**  
1931 San Miguel Drive - Suite 100  
Walnut Creek, California 94596  
(925) 930-0902 • FAX (925) 930-0135  
E-Mail: [maze@mazeassociates.com](mailto:maze@mazeassociates.com)  
Website: [www.mazeassociates.com](http://www.mazeassociates.com)

July 25, 2005

Ms. Diane Lewis, Acting Finance Director  
City of Hayward  
777 B Street  
Hayward, CA 94541

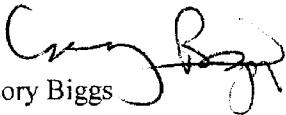
Dear Diane:

We are pleased to offer to extend our Agreement for Professional Auditing Services dated June 11, 2001 to include the years ending June 30, 2006 and 2007. The terms and conditions in our agreement remain in effect except that our fees will be as follows:

	2006	2007
Comprehensive Annual Report (including GASB 34 assistance)	\$92,865	\$95,651
Redevelopment Agency	6,129	6,313
Single Audit Act Report (3 Major Programs)	18,767	19,330
Transportation Development Act	1,578	1,625
Deferred Compensation Plan	2,372	2,443
Hayward Public Financing Authority	5,077	5,229
Water Fund	2,316	2,385
Sewer Fund	1,828	1,883
State COPS Grant	2,467	2,541
Measure B	1,108	1,141
GANN Limit	751	774
Statement of Indebtedness	1,903	1,960
Controller's report	9,139	9,413
Sub-total	146,300	150,688
Discount	(10,000)	
TOTAL	<u>\$136,300</u>	<u>\$150,688</u>

If you agree with the terms and conditions of this extension please sign below and return a copy of this letter to us. Thank you for the opportunity of continuing to provide services to the City.

Yours very truly,

  
Cory Biggs

RESPONSE:

This letter correctly sets forth the understanding of the City.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_